2005

Auditors' Report and Consolidated Financial Statements of

GLACIER VENTURES INTERNATIONAL CORP.

December 31, 2005 and 2004

Management Discussion and Analysis

Forward Looking Statements

Certain statements in this report may constitute forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the *Securities Act* (Ontario). These forward-looking statements relate to, among other things, our objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates, and can generally be identified by the use of statements that include phrases such as "believe", "expect", "anticipate", "intend", "plan", "likely", "will", "may", "could", "should", "would", "suspect", "outlook", "estimate", "forecast", "objective", "continue" (or the negative thereof) or similar words or phrases.

Although Glacier Ventures International Corp. ("Glacier" or "the Company") believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks, uncertainties and other factors which may cause results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements, and undue reliance should not be placed on such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things, the ability of the company to sell advertising and subscriptions related to its publications, foreign exchange rate fluctuations, the seasonal and cyclical nature of the agricultural industry, discontinuation of Department of Canadian Heritage postal subsidies, general market conditions in both Canada and the United States, changes in the prices of purchased supplies including newsprint and the effects of competition in the Company's markets.

Basis of Discussion and Analysis

The following management discussion and analysis of the consolidated financial condition and results of operations of the Company for the year ended December 31, 2005 was prepared as of March 22, 2006 and should be read in conjunction with the Company's consolidated financial statements and notes thereto as at and for the year ended December 31, 2005. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and include the operating results of the Company and its subsidiaries.

Non-GAAP Measures

Earnings before interest, taxes and amortization, ("EBITA"), EBITA margin, EBITA per share, cash flow from operations and cash flow from operations per share are not recognized measures of financial performance under Canadian GAAP. Management utilizes these financial performance measures to assess profitability and return on equity in its decision making. In addition, the Company and its lenders and investors use EBITA to measure performance against the Company's various leverage covenants. Investors are cautioned, however, that EBITA should not be construed as an alternative to net income determined in accordance with GAAP as

an indicator of the Company's performance. The Company's method of calculating these financial performance measures may differ from other companies and, accordingly, they may not be comparable to measures used by other companies.

The following table sets out the calculation of certain non-GAAP measures:

(Expressed in thousands of dollars, except share and per share amounts)

	Year Ended December 31, 2005	Year Ended December 31, 2004	Year Ended December 31, 2003
EBITA:			
Net income	$ 5,330	$ 2,210	$ 2,500
Add -			
Amortization	2,773	2,497	1,439
Provision for income taxes	1,780	1,601	1,780
Interest	1,354	776	247
Non-controlling interest	167	219	145
EBITA	$ 11,404	$ 7,303	$ 6,111
Cash flow from operatons:			
Net income	$ 5,330	$ 2,210	$ 2,500
Add -			
Amortization	2,773	2,497	1,439
Future income taxes	1,650	1,400	1,723
Non cash interest	71	105	26
Loss on disposal of property, plant and equipment	15	22	27
Non-controlling interest	167	219	145
Cash flow from operations	$ 10,006	$ 6,453	$ 5,860
Weighted average shares outstanding, net	33,635,334	25,394,015	23,256,798
EBITA per share	0.339	0.288	0.263
Net income per share	0.158	0.087	0.108
Cash flow from operations per share	0.297	0.254	0.252

Overview of Business

Glacier Ventures International Corp. is an information communications company focused on expanding across North America through the provision of essential information and related services through print, electronic and online media. Glacier is currently pursuing this strategy through two core business segments: 1) the business and professional information markets and 2) the newspaper and trade publication markets.

Glacier's operations in the business and professional information group include Specialty Technical Publishers, CD-Pharma, Fundata (50% of which was acquired at year end) and various segments of the Business Information Group (which was acquired subsequent to year end). The operations in the newspaper and trade publication group include Western Producer Publications, Farm Business Communications, Business In Vancouver Media Group, the trade magazines of the Business Information Group and the Glacier Newspaper Group, which includes 1) community and daily newspapers and related publications in British Columbia, some of which were acquired subsequent to year end, 2) a 50% effective interest in Great West Newspapers which publishes community newspapers and related publications in Alberta and was acquired subsequent to year end, 3) community newspapers and related publications in Saskatchewan and Manitoba and 4) the *Sherbrooke Record* and *Brome County News* in Quebec which were acquired subsequent to year end.

Specialty Technical Publishers publishes comprehensive technical manuals that provide businesses with necessary legal, audit and compliance information concerning environmental law, occupational health & safety, transportation, training, and business law. The Company's business law manuals cover directors' & officers' liability, accounting, computer and Internet law. The manuals are sold in both print and electronic format. The Company is pursuing a business strategy based on a) acquiring and launching new products in diversified industry and regulatory & compliance segments, b) leveraging content across various platforms including manuals, newsletters and electronic and online formats, and c) diversification of sales and marketing channels such as telemarketing and direct mail.

CD-Pharma Interactive Medical Productions ("CD Pharma") develops accredited interactive multi-media continuing medical education (CME) programs for doctors that are sponsored by large pharmaceutical companies. CD-Pharma's programs consist primarily of electronic based information content on CD-ROM. The CME programs provide medical practitioners with essential information for their practices, as these professionals are required to complete ongoing continuing medical education programs in order to maintain their certification to practice medicine. CD-Pharma's programs also provide drug companies and leading medical and scientific researchers with a channel to disseminate key information to doctors. CD-Pharma works closely with Canadian universities and medical associations to accredit its programs, which increases the credibility and quality of the programs' content.

Fundata provides investment fund related electronic and print information and analytics to the Canadian and global investment community and a wide variety of Canadian newspapers and media. Glacier acquired a 50% equity interest in Fundata as part of the Hollinger acquisitions on December 30, 2005 (see following).

The **Glacier Newspaper Group** publishes and prints community and daily newspapers and related publications, which are the primary source of information for the communities they serve. These operations include:

- ***Saskatchewan and Manitoba***. *The Assiniboia Times, The Carlyle Observer, The Estevan Mercury, Estevan Lifestyles, The Southeast Trader Express, Yorkton This Week* and *Yorkton This Week Marketplace, The Tisdale Recorder, The LaRonge Northerner, The Parkland Review, The Hudson Bay Post Review, East Central Connection, The Naicam News,* the *Wheat City Journal (*in Brandon, Manitoba*), The Weyburn Review* and *Weyburn and Area Booster, Weyburn This Week, The Yorkton News Review* and *News Review Extra,* the *Battlefords News Optimist, Optimist/Ad Post, Northwest Neighbours, The Maidstone Mirror, Humboldt Journal,* and the *Regional Trader;*

- ***Alberta***. i) Great West Newspapers publishes the *St. Albert Gazette, See Magazine, FFWD Weekly, Red Deer Express, Okotoks Western Wheel, Okotoks Weekender, St. Paul Journal, Elk Point Review, Bonnyville Nouvelle, Lakeland Regional, Rocky View Weekly, Carstairs Courier, Wheel & Deal, Barrhead Leader, Westlock News, Athabasca Advocate, Town & Country, Lac La Biche Post, Olds Albertan, Innisfail Province, Sundre Round Up, Didsbury Review* and *Mountain View Gazette*, which were acquired as part of the Hollinger acquisitions subsequent to year end, (see following) and ii) the *Saint City News*.

- ***British Columbia***. i) *Whistler Question, Squamish Chief, Lillooet Bridge River News,* the *Sunshine Coast Reporter* and the *Powell River Peak*, which were acquired through the Madison Publishing Group acquisition (see following) and ii) *Nelson Daily News, West Kootenay Weekender, Cranbrook Daily Townsman, Kimberley Daily Bulletin, East Kootenay Weekly Extra, East Kootenay Weekly Weekender, Trail Times, Fernie Free Press, Grand Forks Gazette, Grand Forks Boundary Bulletin, Creston Valley Advance, Kamloops Daily News, Kamloops The Extra, Prince George Citizen, Prince George This Week, Prince George Extra, Alaska Highway News, North Peace Express, The Northerner, Peace River Block News, The Regional Advertiser, The Northern Horizon, The Mirror, Prince Rupert Daily News, Prince Rupert Daily News Extra, Merritt News, Merritt News Extra,* the *Real Estate Weekly* and *Kodiak Press*, which were acquired as part of the Hollinger acquisitions completed subsequent to year end (see following).

- ***Quebec***. The *Sherbrooke Record* and *Brome County News*, which were acquired as part of the Hollinger acquisitions completed subsequent to year end (see following).

The **Business in Vancouver Media Group** ("BIVMG") was acquired as part of the Madison Publishing Group and publishes *Business in Vancouver* (a weekly business paper) and related specialty magazines, the *Western Investor* (a commercial and industrial real estate publication), the *Employment Paper*, the *Better Business Bureau Pages* (a telephone directory) and the

Visitor's Choice tourist magazines. The BIVMG publications are primarily based in the Vancouver area, except for the *Western Investor* which is distributed across western Canada.

The **Business Information Group** ("BIG") publishes a variety of trade magazines, directories, newsletters, electronic databases and specialty websites. Eco Log, which is part of the BIG group, is an electronic information and report service provider that accesses key federal, provincial and private sector databases to help identify potential environmental risks in Canada for real estate developers, banks, insurance companies and a variety of other customers. BIG and Eco Log were acquired subsequent to year end (see following).

Through **Western Producer Publications and Farm Business Communications**, Glacier is the largest agricultural publisher in Canada. Western Producer Publications publishes *The Western Producer*, Canada's largest weekly agricultural newspaper and several related supplements including buyer's guides, seed guides, computer guides and agricultural show guides as well as publications that cater to the tourism industry. Farm Business Communications publishes a number of targeted farm business magazines, periodicals and regional newspapers, including *Grainews, Country Guide, Country Guide Ontario, Canola Guide, Canadian Cattlemen, The Manitoba Co-operator, Wheat Oats & Barley, Alberta Express, Big Dealer, Disease, Weeds & Insects, Corn & Soy Guide* and other specialty publications.

Significant Developments During the Year

In January 2005, Glacier acquired 85% of the net assets and operations of CD-Pharma Interactive Medical Productions Ltd. ("CD-Pharma"), for $5.3 million in cash, inclusive of acquisition costs. Additional cash and equity consideration may be paid if specific performance targets are achieved.
In February 2005, Glacier acquired 100% of the shares of Pennand Inc. for $9.2 million. Pennand Inc. owns community newspaper and printing assets in Saskatchewan.

On July 6, 2005 the Company acquired substantially all of the shares, interests and assets of the Madison Publishing Group for $19.5 million including an adjustment for working capital. The consideration for this acquisition was a combination of Glacier common shares issued at $2.25 per share and cash.

On July 6, 2005, the Company issued 8,333,333 common shares through a private placement at $2.40 per share.

Significant Developments Near and Subsequent to Year End

On December 30, 2005, Glacier acquired a 50% equity interest in Fundata Canada Inc. ("Fundata"). Subsequent to year end, Glacier acquired a 50% effective interest in the operations and interests of the Great West Newspaper Group Ltd. ("Great West"). The purchase price together with related transaction costs for these interests was approximately $40 million. See "*Liquidity, Capital Resources and Financial Position*" for further details.

Subsequent to year end, in a series of transactions, Glacier acquired 100% of the outstanding units of Hollinger Canadian Newspapers, Limited Partnership ("HCNLP"), 100% of the outstanding shares of Eco Log Environmental Risk Information Services Ltd. ("Eco Log"), 100 % of the outstanding shares of KCN Capital News Company ("KCN") and certain real estate assets.

HCNLP owns and operates the Business Information Group in Ontario and daily, community and specialty newspapers and printing operations in British Columbia and Quebec, as described. KCN publishes the *Merritt News* and *Merritt News Extra* in British Columbia.

The purchase price for the businesses acquired subsequent to year end was approximately $139 million plus adjustments in certain circumstances and transaction costs.

On December 30, 2005, the Company issued 17,684,210 common shares through a private placement at $2.85 per share.

Subsequent to year end, the Company issued 10,385,965 common shares through a private placement at $2.85 per share.

All of the transactions and financings near or subsequent to year end were part of the series of transactions in which Glacier purchased substantially all of the remaining Canadian properties owned by Hollinger International Inc. ("Hollinger").

Subsequent to year end, Glacier acquired approximately 94.9% of the equity of Stressgen Biotechnologies Corporation ("Stressgen") for $9.25 million. Under the arrangement, Stressgen received shareholder and regulatory approval to be restructured under a plan of arrangement whereby all of Stressgen's assets and liabilities were transferred to a new biopharmaceutical company that will carry on the former business carried on by Stressgen. Stressgen's name was changed to GVIC Publications Ltd. Glacier acquired the shares of GVIC Publications Ltd. for investment purposes. See "*Liquidity, Capital Resources and Financial Position*" for further details.

Annual Selected Financial Information

Glacier's operating results primarily reflect those of our operating businesses, Specialty Technical Publishers, Farm Business Communications, Western Producer Publications, the Saskatchewan and Manitoba operations of the Glacier Newspaper Group and the operations of the Madison Publishing Group. Hawker Siddeley Canada Inc., which was acquired in September 2001, has no operating business, although there are ongoing costs and the potential realization of assets and liabilities associated with it. Farm Business Communications was acquired effective October 1, 2003. The Saskatchewan and Manitoba operations were acquired in March, July, August and December of 2004. The Madison Publishing Group was acquired effective July 6, 2005. As such, operating results for these operations are reflected in the consolidated financial results from the respective dates of acquisition.

The following outlines the significant financial performance measures for Glacier for the twelve months ended December 31, 2005, 2004 and 2003:

(Expressed in thousands of dollars, except share and per share amounts)

		Year Ended December 31, 2005		Year Ended December 31, 2004		Year Ended December 31, 2003
Revenue	$	62,568	$	41,240	$	28,893
EBITA	$	11,404	$	7,303	$	6,111
EBITA margin		18.2%		17.7%		21.2%
EBITA per share	$	0.339	$	0.288	$	0.263
Net income	$	5,330	$	2,210	$	2,500
Net income per share	$	0.158	$	0.087	$	0.108
Cash flow from operations	$	10,006	$	6,453	$	5,860
Cash flow from operations per share	$	0.297	$	0.254	$	0.252
Capital expenditures	$	1,025	$	244	$	201
Debt outstanding, net of cash on hand	$	8,139	$	16,026	$	12,556
Shareholders' equity	$	127,418	$	37,660	$	34,909
Weighted average shares outstanding, net		33,635,334		25,394,015		23,256,798

Notes:

See above for calculation of non-GAAP measures used in this table.

Operating Revenue

Glacier generated consolidated revenues of $62.6 million for the twelve months ended December 31, 2005 as compared to $41.2 million for the twelve months ended December 31, 2004. The growth in revenue was due primarily to the acquisitions of CD Pharma effective January 2005, publications in the Newspaper Group effective March 2005 and the Madison Publishing Group effective July 2005 and to internal growth.

On a segmented basis, the business and professional group (which includes Specialty Technical Publishers and CD Pharma), generated revenues of $14.2 million for the twelve months ended December 31, 2005, as compared to $11.1 million for the same period last year. Canadian dollar revenues increased primarily due to the acquisition of CD Pharma effective January 2005. Specialty Technical Publishers experienced some growth in the Canadian market during the year, as increased focus was placed on Canadian publications. Trial orders shipped in 2005 were slightly higher then 2004. Both the overall acceptance rate and renewal rates increased on a year over year basis. The continued strength in the Canadian dollar has had a negative impact on Specialty Technical Publishers' revenue, although a number of initiatives have been taken to counteract this impact, including price increases, more emphasis on the Canadian market, significant focus on "network" sales to large corporations in electronic formats and greater efforts in online publishing and marketing alliances, amongst others. CD Pharma continued to secure new and renewal contracts during the year at a level consistent with the Company's expectations.

The newspaper and trade publications group generated $48.4 million of revenue for the twelve months ended December 31, 2005 as compared to $30.2 million for the same period last year. The growth in revenue was due both to internal growth and to the acquisitions of newspaper publications in Saskatchewan effective March 2005 and the Madison Publishing Group effective July 2005. Revenues at both the Western Producer and Farm Business Communications were stronger in 2005 due to specific advertising promotions run by major advertisers as well as strong special supplement advertising. The partial re-opening of the US border to Canadian beef has also had a positive impact on the agricultural economy.

A stronger agricultural economy coupled with a strong oil & gas market yielded positive results for our newspaper operations in Saskatchewan. Revenues continue to show strength and were ahead of last year for the majority of publications acquired. The Madison Publishing Group has performed well since its acquisition in July 2005 and its revenues are 15% ahead of the same period last year.

Gross Profit

Glacier's consolidated gross profit for the twelve months ended December 31, 2005 was $21.4 million, as compared to $13.1 million for the same period last year. The absolute dollar increase in gross profit was primarily due to the acquisition CD Pharma effective January 2005, publications in the newspaper group effective March 2005 and the Madison Publishing Group effective July 2005, as well as internal growth. The gross margin percentage for 2005 is 34.2% as compared to 31.7% for the prior year. The increase is due to the overall improved profitability of Glacier's existing operations and to the strong performance of the 2005 acquisitions.

General & Administrative Expenses

Glacier's consolidated general and administrative expenses were $10.0 million for the twelve months ended December 31, 2005. This compares to $5.8 million for the same period last year. The increase was primarily due to the acquisition of CD Pharma effective January 2005, publications in the newspaper group effective March 2005 and the Madison Publishing Group effective July 2005, as well as internal growth. Corporate costs also increased in areas such as information technology, human resources, relocation, pension and travel, amongst others. These increased costs reflect the growing nature of the Company and the need for a proper infrastructure.

EBITA

Glacier earned $11.4 million of consolidated earnings before interest, amortization and taxes (EBITA) for the twelve months ended December 31, 2005 as compared to $7.3 million for the same period last year. The increase in EBITA for the year is a result of the acquisition of CD Pharma effective January 2005, publications in the newspaper group effective March 2005 and

the Madison Publishing Group effective July 2005, as well as improvements in existing operations.

Cash Flow from Operations

Consolidated net interest expense was $1.4 million for the twelve months ended December 31, 2005 compared to $0.8 million for the same period last year. Interest expense has increased over the same period last year due to the increased borrowings required to fund the acquisition of CD Pharma effective January 2005, publications in the newspaper group effective March 2005 and the Madison Publishing Group effective July 2005. See "*Liquidity, Capital Resources and Financial Position*" for further details.

Glacier's consolidated cash flow from operations was $10.0 million for the twelve months ended December 31, 2005, compared to $6.5 million the same period last year. The increased cash flow is primarily due to the inclusion of operations from CD Pharma effective January 2005, publications in the newspaper group effective March 2005 and the Madison Publishing Group effective July 2005, as well as improvements in existing operations.

Management believes that cash flow from operations is the most appropriate measure to determine Glacier's profitability and return on equity, as the Company has low ongoing capital expenditures and amortization largely relates to intangible assets and does not represent a corresponding ongoing sustaining capital expense. Management also monitors free cash flow (being cash flow from operations net of capital expenditures, debt service and investment in working capital) closely to measure ongoing overall cash flow strength.

Glacier generated an 11.3% cash return on equity for the year ending December 31, 2005, calculated as consolidated cash flow from operations per share divided by average consolidated shareholders' equity per share. The return on equity was reduced because of the timing differences in the issuance of shares during the year and the realization of cash flow from operations acquired at various times throughout the year and subsequent to year end. Specifically, i) the Madison Group transaction was financed primarily through the issuance of shares, and ii) 8,333,333 common shares were issued through a private placement in July 2005 and 17,684,210 common shares were issued on December 30, 2005, but the combined proceeds were not fully invested until year end and subsequent to year end.

Capital expenditures were $1.0 million for the year ended December 31, 2005. Expenditures in 2005 were higher than the prior year primarily due to certain centralization projects.

Taxes and Amortization

Glacier's provision for taxes was $1.8 million for the twelve months ended December 31, 2005 as compared to $1.6 million for the same period last year. The 2005 provision is higher then last year due to higher net income before income tax in 2005 offset by the recognition of previously unrecognized benefits of certain expenditures which are deductible for tax purposes and were

determined during the period that realization was more likely then not. Amortization of $2.8 million for the twelve months ended December 31, 2005 increased by $0.3 million over the prior year as a result of the acquisition of CD Pharma effective January 2005, publications in the newspaper group effective March 2005 and the Madison Publishing Group effective July 2005.

Net Income

Glacier's consolidated net income was $5.3 million for the twelve months ended December 31, 2005, as compared to $2.2 million for the twelve months ended December 31, 2004. The increase is primarily due to the acquisition of CD Pharma effective January 2005, publications in the newspaper group effective March 2005 and the Madison Publishing Group effective July 2005, as well as improvement in existing operations.

Summary of Quarterly Results

($000, except per share amounts)

	($) 2005 31-Dec	($) 2005 30-Sep	($) 2005 30-Jun	($) 2005 31-Mar	($) 2004 31-Dec	($) 2004 30-Sep	($) 2004 30-Jun	($) 2004 31-Mar
Total revenues	18,842	15,485	13,121	15,120	11,116	9,238	10,151	10,735
Net income	1,081	889	1,163	2,197	237	49	650	1,274
Earnings per share								
- Basic	0.03	0.02	0.05	0.09	0.009	0.002	0.026	0.050
- Diluted	0.03	0.02	0.05	0.08	0.009	0.002	0.026	0.050

Fourth Quarter 2005

Revenue in the fourth quarter of 2005 was $18.8 million, significantly higher than the prior year primarily due to the acquisition of CD Pharma effective January 2005, publications in the newspaper group effective March 2005 and the Madison Publishing Group effective July 2005, and internal revenue growth. The agricultural publications experienced a strong quarter due to a shift of seed and chemical advertisements from spring to fall. The community newspapers also performed well.

Gross margin, EBITA and net income were higher than the same period last year due to the acquisition of CD Pharma effective January 2005, publications in the newspaper group effective March 2005 and the Madison Publishing Group effective July 2005 and internal revenue growth.

Significant Accounting Policies and Critical Accounting Estimates

Our reported financial position and results of operations are dependant on our selection of accounting policies that are based on generally accepted accounting principles and accounting estimates that underlie the preparation of our financial statements. Our financial statements contain a summary of our significant accounting policies and accounting estimates.

Estimates by their nature are subject to risks, uncertainties and assumptions, which if different could cause our financial position and operating results to differ materially from those currently presented in our consolidated financial statements. Future changes in accounting estimates are applied on a prospective basis.

The critical accounting estimates that we believe are the most judgemental or are material to our financial statements, are those related to allocation of purchase price in business combinations, long-lived asset and goodwill impairment, allowance for doubtful accounts and income taxes.

Fair Value of Net Assets Acquired in Business Acquisitions – The cost of an acquired company ("purchase price") is assigned to the identifiable tangible and intangible assets purchased and liabilities assumed on the basis of their fair values at the date of acquisition. The identification of assets purchased and liabilities assumed and the valuation thereof is specialized and judgemental. When necessary, the Company engages business valuators to assist in the valuation of tangible and intangible assets acquired. Any excess of purchase price over the fair value of the identifiable tangible and intangible assets purchased and liabilities assumed is allocated to goodwill.

During the twelve months ended December 31, 2005, the Company completed the acquisition of CD Pharma effective January 2005, publications in the Community Newspaper Group effective March 2005 and the Madison Publishing Group effective July 2005. Management has completed its assessment of the fair values of assets and liabilities acquired and determined that the allocations used in the preparation of the consolidated financial statements were appropriate. Management has made a preliminary assessment of the allocation of the fair values to the net assets acquired in the Madison Publishing Group transaction. Management has engaged a business valuator to assist in the final allocation of the fair values to the net assets acquired, in the Madison Publishing Group, Great West, Hollinger and GVIC Publications Ltd. transactions.

When a business combination involves contingent consideration, an amount equal to management's estimate of the contingent consideration is recognized as a liability at the time o acquisition. When the contingency is resolved and the consideration is issued or becomes issuable, any difference in the fair value of the contingent consideration issued or issuable over the amount initially recognized will be recognized as an adjustment to the cost of the purchase.

Intangible assets are amortized in the statement of income over the estimated useful life of the intangible asset. Judgement is used to estimate an intangible asset's useful life and is based on an analysis of all pertinent factors including, amongst others, our expected use of the intangible asset, contractual provisions that enable renewal or extension of the intangible asset's legal or contractual life without substantial cost and renewal history.

Goodwill Impairment Test – Goodwill is tested for impairment at least on an annual basis, normally at year end, or when other circumstances or events may indicate that the carrying value of goodwill may not be recoverable. To identify whether a goodwill impairment loss exists, the Company compares the fair value of the reporting unit to which the goodwill relates to the

carrying amount. When the carrying amount of the reporting unit exceeds its fair value, the fair value of the reporting unit's goodwill is compared to its carrying value. Any excess of the carrying value of the goodwill over its fair value is charged to operations in the period the impairment occurred. The impairment test had no impact on the Company's results for the year ended December 31, 2005.

Impairment of Long-lived Assets and Intangibles – Long-lived assets and intangibles are tested for impairment whenever management believes circumstances or events indicate the carrying values of the assets may not be recoverable. The impairment loss is recognized when the carrying value of a long-lived asset or intangible intended for use exceeds the sum of the undiscounted cash flows expected from its use and eventual disposition. The impairment loss is to be measured as the excess of the carrying value of the asset over its fair value. The impairment test had no impact on the Company's results for the year ended December 31, 2005.

Disclosure Controls and Procedures

As at December 31, 2005, an evaluation was carried out for the effectiveness of the Company's disclosure controls and procedures as defined in Multilateral Instrument 52-109. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective.

Related Party Transactions

Glacier and its subsidiaries incurred administration, transaction and consulting fees in the amount of $196,000 (2004 - $427,668) to a related party in which certain directors hold an equity interest. These transactions were recorded at the exchange amount which is the amount agreed upon between the related parties.

Contractual Agreements

Agricore United, the vendor in the Farm Business Communications transaction, has contracted with Glacier to purchase advertising consistent with historical levels, which, at a minimum, will be $1 million annually. This contractual obligation is in effect for a period of six years and expires on September 30, 2009.

Glacier has agreements with two major Canadian banks, whereby the banks provides various term loan, revolving loan and line of credit facilities. Specifics of these agreements are outlined in Notes 8 and 19 to the Consolidated Financial Statements.

The Company had a foreign exchange swap contract to exchange U.S. dollars for Canadian dollars at a fixed rate of 1.3464. This contract expired on January 31, 2006.

The Company has committed to payments totalling $400,000, of which $269,000 have been made to December 31, 2005, in respect of a defined contribution pension plan. These payments are in respect of plan amendments and past service contributions. The unamortized portion of these payments is included in deferred costs.

During the year, the Company entered into a Marketing and Distribution agreement with another entity whereby certain marketing and distribution functions would be handled by this entity. The Company has prepaid $2.7 million under the terms of this contract. The current portion of this prepayment is recorded on the balance sheet as "Prepaid expenses", while the long term portion is recorded as "Other Assets".

The Company has also entered into operating leases for premises and office equipment, which expire on various dates up to July 31, 2008.

In summary, the Company's contractual obligations, excluding the U.S. dollar hedge contract, due over the next five years are as follows:

(Expressed in thousands of dollars)

	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years	Total
Long term debt	4,597	7,728	7,631	1,000	20,956
Operating Leases	1,009	1,325	644	-	2,978
Total	5,606	9,053	8,275	1,000	23,934

Share Capital and Stock Based Compensation

The Company's share capital structure is outlined in Note 9 to the Consolidated Financial Statements. The Company's share capital structure consists of an unlimited number of common shares without par value and an unlimited number of preferred shares. As at December 31, 2005, there are 59,349,054 common shares outstanding and no preferred shares outstanding.

No stock based compensation awards were granted during the twelve months ending December 31, 2005.

Liquidity, Capital Resources and Financial Position

Glacier generates sufficient cash flow from operations to meet anticipated working capital and capital expenditure needs.

As at December 31, 2005, Glacier had cash of $12.8 million, current and long-term debt of $21.0 million and working capital of $13.9 million excluding deferred revenue. Glacier's cash on hand included a significant amount raised from the Company's private placement in December 2005. These funds were used for acquisitions subsequent to year end. Glacier's actual cash working capital is stronger than reflected by the amounts indicated on the consolidated balance sheet for several reasons: 1) deferred revenue relates to quarterly updates, renewals and newspaper subscriptions that have been paid for by subscribers but not yet delivered, and the costs associated with the fulfilment of this liability are less than the amount indicated in current liabilities in the case of Specialty Technical Publishers, 2) Glacier receives cash revenue on an ongoing basis that offsets the deferred revenue liability, and 3) as Speciality Technical Publishers sells on a trial basis, it does not record accounts receivable or revenue when orders are shipped, but nonetheless receives revenue from these orders on a regular basis based on the acceptance rate realized, which results in revenue regularly being received that is not reflected in current assets.

During the year, Glacier and its subsidiaries entered into a five year loan facility with two major Canadian chartered banks. This facility was used in part to fund the acquisition of CD Pharma and publications in the Glacier Newspaper Group. It also provided the Company the ability to fund future acquisitions. Further, it provided operating lines of credit totalling $2.5 million for Glacier and its subsidiaries. The facility bore interest at varying rates based on the prevailing bankers acceptance rate plus an acceptance fee which ranged from 1.50% to 2.75% or the bank prime rate plus 0% to 1.25%, depending on Glacier's debt to earnings ratio. This facility and the operating line of credit were secured by a general security agreement including fixed and floating charges over all of Glacier's and its subsidiaries' assets. This facility was restructured subsequent to year end.

During the year, the Company issued the following common shares:

- 6,976,749 shares at $2.25 per share were issued as part consideration for the Madison Publishing Group transaction;
- 8,333,333 shares at $2.40 per share were issued pursuant to a private placement in July 2005. The net proceeds were used to pay down debt in the interim, for general corporate purposes and to fund further acquisitions;
- 17,684,210 shares at $2.85 per share were issued pursuant to a private placement in December 2005. The net proceeds were used in part to fund the acquisitions of Great West and Fundata. The balance of the proceeds, currently shown on the December 31, 2005 Consolidated Balance Sheet as cash, were used to fund acquisitions subsequent to year end.

Subsequent to year end, the Company further issued 10,385,965 shares at $2.85 per share pursuant to a private placement. The net proceeds were used to partially fund the acquisition of HCNLP, Eco Log, KCN and certain real estate assets, all as part of the transactions with Hollinger.

Subsequent to year end, Glacier and its subsidiaries entered into a new five year senior term loan facility with three major Canadian chartered banks for $135,000,000. This facility was used in part to fund the Hollinger International Inc. transactions described above. This facility also includes a separate revolving term loan facility for an amount up to $20,000,000, including an operating line of credit of up to $5,000,000. This revolving facility is to be used for operating and acquisition purposes. The maximum amount that can be drawn on the revolving facility is dependent on the level of the company's accounts receivable and inventories. The total facility bears interest at varying rates based on the prevailing bankers acceptance rate plus an acceptance fee which ranges from 1.50% to 3.75% or the bank prime rate plus 0.5% to 2.75%, depending on Glacier's debt to earnings ratio.

The total facility is secured by a general security agreement including fixed and floating charges over all of Glacier's and its subsidiaries' assets.

The term loan is repayable in quarterly instalments commencing June 30, 2006. The total amount repayable under this facility in the next twelve months is $10.125 million.

Business Environment and Risks

A significant portion of Specialty Technical Publishers' revenues are generated in U.S. dollars and as such are subject to exchange rate fluctuations. In order to partially hedge this risk, the Company had a one-year foreign exchange swap contract to exchange U.S. dollars for Canadian dollars at a fixed rate of 1.3464 that expired January 31, 2006. Under this contract, the Company sold U.S. $167,000 per month. Despite this hedge, continued strength in the Canadian dollar throughout 2006 could have a significant impact on Specialty Technical Publishers' revenue. As mentioned in "*Operating Revenue*", several steps have been taken to mitigate the effect of the stronger Canadian dollar. Glacier monitors foreign exchange markets on an ongoing basis to determine appropriate levels of hedging.

Western Producer Publications' and Farm Business Communications' publications are targeted to western Canadian farmers and ranchers. Parts of western Canada have experienced unfavourable weather conditions over the last several years and this has had some negative impact on farmers. The partial re-opening of the U.S. border to Canadian beef should provide a positive impact on the agricultural economy. Both Western Producer Publications and Farm Business Communications have generated steady revenues and strong cash flows, which is confirmation of the essential nature of their content.

The Department of Canadian Heritage provides postal assistance to eligible Canadian publications, including Western Producer Publications, Farm Business Communications and the Community Newspaper Group. While this program has been in place for decades, there is no guarantee that this assistance will continue to be offered.

The Glacier Newspaper Group generates revenue through the sale of advertising and newspaper subscriptions. As such, it is reliant upon general economic conditions and the spending plans of advertisers. A significant downturn in the national or regional economies could adversely affect revenues, as could significant changes in advertisers' promotional strategies.

Glacier's publications are affected by changes in the prices of purchased supplies, including newsprint.

Competition is a risk, although Glacier is well diversified. Specialty Technical Publishers has approximately 120 publications and products and a customer base in the tens of thousands. Glacier has a wide variety of trade publications, and is diversified as a result. Glacier has newspapers in a variety of communities in British Columbia, Alberta, Saskatchewan and Manitoba, and is diversified as a result.

CD-Pharma competes with other companies in the health care information market in Canada. There are a variety of areas in which medical marketing budgets are focused. These include advertising, sponsored continuing medical education programs, direct marketing, pharmacy detailing, specialist detailing and general practitioner detailing, amongst others. While these areas represent potential competition for CD-Pharma, they also represent areas for new business development.

Fundata competes with other companies in the financial information market in Canada.

The large North American business and professional information, newspaper and trade publication markets and other information communications markets generally continue to offer many growth opportunities for the Company.

Outlook

Glacier is focused on improving the revenues and operating profitability of our existing operations, including consolidation and rationalization efforts at our newly acquired operations. While significant progress has been made in this regard, many initiatives and opportunities have yet to be realized. Group advertising and general sales improvement efforts are also underway to allow advertisers to benefit from Glacier's larger group of publications and expertise.
Market conditions for Glacier's businesses continue to allow for steady overall revenues and cash flows. This is generally a result of the essential nature of Glacier's information content and the stability of the markets and communities which Glacier serves.

U.S. corporate spending and related demand for Specialty Technical Publishers' information appears to be recovering. As well, the U.S. border re-opened in July to some shipments of Canadian beef. Classified agricultural advertising increased almost immediately in response.

Glacier continues to pursue further acquisition opportunities of information communications businesses that fit within our business strategy.

Deloitte.

Deloitte & Touche LLP
2800 - 1055 Dunsmuir Street
4 Bentall Centre
P.O. Box 49279
Vancouver BC V7X 1P4
Canada

Tel: (604) 669-4466
Fax: (604) 685-0395
www.deloitte.ca

Auditors' Report

To the Shareholders of
Glacier Ventures International Corp.

We have audited the consolidated balance sheets of Glacier Ventures International Corp. as at December 31, 2005 and 2004 and the consolidated statements of operations and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Vancouver, British Columbia
March 22, 2006

GLACIER VENTURES INTERNATIONAL CORP.
Consolidated Balance Sheets
As at December 31
(Expressed in thousands of dollars)

		2005		2004
ASSETS				
CURRENT				
Cash	$	12,817	$	2,593
Accounts receivable		8,342		4,868
Inventory		797		798
Prepaid expenses (Note 4 (d))		2,875		410
		24,831		8,669
INVESTMENTS (Note 3 (f))		37,944		-
OTHER ASSETS (Note 4)		4,440		2,455
PROPERTY, PLANT AND EQUIPMENT (Note 5)		8,295		6,691
INTANGIBLE ASSETS (Note 6)		41,286		18,955
GOODWILL (Note 7)		58,153		35,564
FUTURE INCOME TAXES (Note 13)		3,135		3,718
	$	178,084	$	76,052
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$	6,271	$	4,256
Deferred revenue		7,459		7,508
Current portion of long-term debt (Note 8)		4,620		832
		18,350		12,596
NON-CURRENT PORTION OF DEFERRED REVENUE		1,057		1,076
NON-CURRENT PORTION OF LIABILITIES (Note 11 (a))		598		742
LONG-TERM DEBT (Note 8)		16,336		17,787
FUTURE INCOME TAXES (Note 13)		12,184		5,199
		48,525		37,400
NON-CONTROLLING INTEREST		2,141		992
SHAREHOLDERS' EQUITY				
Share capital (Note 9)		109,241		24,813
Contributed surplus		8,221		8,221
Retained earnings		9,956		4,626
		127,418		37,660
	$	178,084	$	76,052

COMMITMENTS (Note 11)

CONTINGENCIES (Note 16)

APPROVED BY THE DIRECTORS:

(Signed) Jonathon J.L. Kennedy
Jonathon J.L. Kennedy, Director

(Signed) Bruce W. Aunger
Bruce W. Aunger, Director

GLACIER VENTURES INTERNATIONAL CORP.
Consolidated Statements of Operations and Retained Earnings
Years ended December 31
(Expressed in thousands of dollars, except share and per share amounts)

		2005		2004
REVENUE	$	62,568	$	41,240
DIRECT EXPENSES		41,175		28,174
GROSS PROFIT		21,393		13,066
EXPENSES				
General and administrative (Note 14)		9,989		5,763
INCOME BEFORE INTEREST EXPENSE		11,404		7,303
INTEREST EXPENSE, net (Note 12)		1,354		776
INCOME BEFORE AMORTIZATION		10,050		6,527
AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT		1,474		1,310
AMORTIZATION OF INTANGIBLE AND OTHER ASSETS		1,299		1,187
INCOME BEFORE INCOME TAXES AND NON-CONTROLLING INTEREST		7,277		4,030
PROVISION FOR INCOME TAXES (Note 13)				
Current		130		201
Future		1,650		1,400
		1,780		1,601
INCOME BEFORE NON-CONTROLLING INTEREST		5,497		2,429
NON-CONTROLLING INTEREST		(167)		(219)
NET INCOME		5,330		2,210
RETAINED EARNINGS, BEGINNING OF YEAR		4,626		2,416
RETAINED EARNINGS, END OF YEAR	$	9,956	$	4,626
EARNINGS PER SHARE (Note 10)				
Basic	$	0.16	$	0.09
Diluted		0.16		0.09
WEIGHTED-AVERAGE NUMBER OF COMMON SHARES				
Basic		33,635,334		25,394,015
Diluted		33,635,334		25,859,584

GLACIER VENTURES INTERNATIONAL CORP.
Consolidated Statements of Cash Flows
Years ended December 31
(Expressed in thousands of dollars)

	2005	2004
OPERATING ACTIVITIES		
Net income	$ 5,330	$ 2,210
Items not affecting cash:		
Amortization of property, plant and equipment	1,474	1,310
Amortization of intangible and other assets	1,299	1,186
Future income taxes	1,650	1,400
Non-controlling interest	167	219
Loss on disposal of property, plant and equipment	15	23
Non-cash interest expense (Note 8)	71	105
	10,006	6,453
Changes in non-cash operating accounts		
Accounts receivable	(997)	(902)
Inventory	20	(260)
Prepaid expenses	(2,167)	(67)
Accounts payable and accrued liabilities	175	(694)
Deferred revenue	(770)	1,503
	6,267	6,033
INVESTING ACTIVITIES		
Acquisitions, including bank indebtedness assumed less cash acquired (Note 3)	(21,577)	(7,108)
Purchase of property, plant and equipment	(1,025)	(244)
Purchase of intangibles	(114)	-
Other assets	(1,973)	-
Investments	(37,944)	-
	(62,633)	(7,352)
FINANCING ACTIVITIES		
Proceeds from long-term debt	-	4,817
Repayment of long-term debt	(948)	(2,094)
Issuance of common shares	67,538	541
	66,590	3,264
NET CASH INFLOW	10,224	1,945
CASH, BEGINNING OF YEAR	2,593	648
CASH, END OF YEAR	$ 12,817	$ 2,593

SUPPLEMENTAL CASH FLOW INFORMATION:

	2005	2004
Interest paid	$ 1,884	$ 803
Income taxes paid	$ 150	$ 148
Non-cash interest	$ -	$ -

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:

	2005	2004
Shares issued on acquisition of Madison Publishing Group	$ 15,698	$ -

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

1. NATURE OF OPERATIONS

Glacier Ventures International Corp. is an information communications company focused on expanding across North America through the provision of essential information and related services through print, electronic and online media. Glacier is currently pursuing this strategy through two core business segments: (1) the business and professional information group; and (2) the newspaper and trade publication group.

Glacier's operations in the business and professional information group include Specialty Technical Publishers, CD-Pharma Interactive Medical Productions Limited Partnership ("CD-Pharma") and Fundata Canada Inc. ("Fundata"). The operations in the newspaper and trade publication group include Western Producer Publications, Farm Business Communications, Business in Vancouver Media Group and the Glacier Newspaper Group, which includes community newspapers and related publications in British Columbia, Saskatchewan and Manitoba.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These consolidated financial statements include the accounts of the Company and its subsidiaries. The Company's principal operating entities are as follows:

	Ownership percentage
GVIC Communications Inc.	94.00%
Pasquia Publishing Ltd. ("Pasquia")	100.00%
Yorkton Publishing Ltd. ("Yorkton")	86.17%
Boundary Publishers Ltd. ("Boundary")	82.17%
Pennand Inc.	100.00%
CD-Pharma Interactive Medical Productions Limited Partnership	85.00%
BIV Publications Ltd.	100.00%
Whistler Printing & Publishing (1982) Co. Ltd.	100.00%
Peak Publishing Ltd.	50.00%
Sunshine Coast Reporter Partnership	100.00%

The Company accounts for its investments in companies over which it has significant influence on the equity basis of accounting whereby the investments are initially recorded at cost and adjusted for the Company's share of income or losses of the investee companies.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Inventory

Inventory, consisting mainly of newsprint and publishing and stationery supplies, is recorded at the lower of specifically identified cost and net realizable value.

(c) Portfolio investments

Investments in securities where the Company does not have significant influence are accounted for at cost. Where there is a decline in the value of the investment which is considered to be other than temporary, the investment is written down to recognize the loss.

(d) Property, plant and equipment

Property, plant and equipment are recorded at cost and amortized over their estimated useful lives on a straight-line basis at the following annual rates:

Building	20 years
Office furniture	15 years
Publication software	5 years
Automobile	3 years
Computer hardware and office equipment	3 years

Leasehold improvements are amortized on a straight-line basis over the term of the lease. One-half of the depreciation is taken in the year of acquisition.

The Company reviews property, plant and equipment for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable from expected undiscounted future cash flows from its use and eventual disposition. No impairment losses have been identified by the Company for the years ended December 31, 2005 or 2004.

(e) Deferred financing costs

Financing costs incurred to obtain long-term debt are deferred and amortized over the term of the related debt.

(f) Deferred pension costs

Amounts paid by the Company relating to past service contributions and plan amendments are deferred and amortized over the remaining average service life of the respective employees.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Intangible assets

Intangible assets, which consist of subscription lists, customer relationships, copyrights and trademarks, are recorded at cost. Subscription lists are being amortized as each subscription contract which existed at the date of acquisition expires, and copyrights are being amortized on a straight-line basis over 30 years. Customer relationships are being amortized on a straight-line basis over 15 years.

The Company reviews finite life intangible assets for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable from expected undiscounted future cash flows from the asset's use and eventual disposition. No impairment losses have been identified by the Company for the years ended December 31, 2005 or 2004.

(h) Trademarks and goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets of acquired businesses. Trademarks which relate to individual magazine publications are viewed to have an indefinite useful life. Goodwill and trademarks are determined to have indefinite lives, and are not amortized, but instead are tested for impairment annually by comparison to their fair values.

The Company tests for the impairment of goodwill and trademarks on an annual basis or whenever changes in circumstances indicate that the carrying value is impaired. The excess of the carrying value over the fair value of these assets, if any, is charged to operations in the period the impairment occurred. The Company has performed a test for impairment of goodwill and trademarks at December 31, 2005 and 2004 and concluded that there was no impairment in either year as the fair value exceeded the carrying value.

(i) Future income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes receivable or payable for the current year. Future income tax assets and liabilities are recognized for differences between the tax and accounting bases of assets and liabilities and are calculated using tax rates anticipated to be in effect in the periods that the differences are expected to reverse. Future income tax assets are recognized only to the extent that it is more likely than not that the future income tax asset will be realized. The effect of a change in income tax rates on future income tax assets and liabilities is recognized in income in the period the change becomes substantively enacted.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) *Revenue recognition*

Revenue from the sale of technical manuals and single copy newspapers is recognized when products are delivered to and payment is received from customers.

Subscription revenue is recognized as each of the applicable updates are issued or newspapers published. Subscription and advertising revenue for which consideration has been received in advance and is attributable to future updates and issues is deferred until such updates or issues are published.

Advertising revenue is recognized upon issuance of the edition in which the advertisement appears.

Revenue related to the sale of interactive multi-media programs is recognized on a percentage-of-completion basis.

(k) *Foreign currency transactions*

Trade transactions denominated in foreign currencies are recorded in Canadian dollars at the exchange rate prevailing at the time of the transaction. The Company enters into foreign exchange contracts to manage the foreign exchange risk on a portion of sales in US dollars. Foreign exchange gains or losses on forward exchange contracts are recognized in income in the same manner as the gains and losses on hedged sales.

Monetary assets and liabilities denominated in foreign currencies are converted to Canadian dollars at the exchange rate prevailing at the balance sheet date. Exchange gains or losses are recorded in the statement of operations in the period incurred.

(l) *Share-based compensation*

The Company has a share-based compensation plan as described in Note 9. The Company recognizes compensation expense for all stock options awarded based on the fair value of the option on the date of grant. The fair value of the options is expensed over the expected life of the options.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Hedging relationships

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives to specific firm or forecasted transactions. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. At December 31, 2005, the Company has not met the criteria established in order to comply with hedge accounting.

Realized and unrealized gains or losses associated with derivative instruments, which have been terminated for hedge accounting purposes or cease to be effective prior to maturity, are deferred on the balance sheet and recognized in income in the period in which the underlying hedged transaction is recognized. In the event a designated hedged item is sold, extinguished or matures prior to the termination of the related derivative instrument, any realized or unrealized gain or loss on such derivative instrument is recognized in income.

(n) Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingencies at the date of the balance sheet. Actual results could differ from those estimates.

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

3. ACQUISITIONS

(a) *Purchase of CD-Pharma Interactive Medical Productions Limited Partnership*

Effective January 1, 2005, Glacier acquired an 85% interest in the assets and operations of CD-Pharma for $5,258,156 in cash inclusive of acquisition costs of $183,156. Glacier also agreed to make up to $1,000,000 in additional cash payments and increase management's equity ownership in CD Pharma to 25% if specified performance targets are met over the next four years. The additional consideration to be paid, if any, will be recorded as an additional cost of the purchase. CD-Pharma develops accredited interactive multimedia continuing medical education programs on CD-ROM, as well as interactive video and print media packages geared towards the health care community.

The acquisition has been accounted for by the purchase method and the results of operations have been consolidated with those of the company from the date of acquisition.

The purchase price was allocated to the estimated fair value of the assets acquired and liabilities assumed as follows:

Assets acquired		
Property, plant and equipment	$	115
Intangibles		2,665
Non-controlling interest		(896)
Net assets acquired		1,884
Goodwill		3,374
Consideration	$	5,258

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

3. ACQUISITIONS (Continued)

(b) Purchase of Pennand Inc.

Effective February 28, 2005, Glacier acquired 100% of the outstanding shares of Pennand Inc. for $9,195,703 in cash inclusive of acquisition costs of $170,226 and an adjustment for working capital of $67,346. Pennand Inc. owns community newspaper and printing assets in Saskatchewan.

The acquisition was accounted for by the purchase method and the results of operations have been consolidated with those of the Company from the date of acquisition.

The purchase price was allocated to the estimated fair value of the assets acquired and liabilities assumed as follows:

Assets acquired		
Cash	$	37
Accounts receivable		407
Inventories		20
Investments		13
Property, plant and equipment		912
Intangibles		238
		1,627
Liabilities assumed		
Accounts payable and accrued liabilities		321
Shareholder loans		292
Long-term debt		4
Future income taxes		88
		705
Net assets acquired		922
Goodwill		8,273
Consideration	$	9,195

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

3. ACQUISITIONS (Continued)

(c) Purchase of Madison Publishing Group

On July 6, 2005, the Company acquired substantially all the shares, interests and assets of entities that comprised the Madison Publishing Group ("Madison") which has certain common directors and shareholders with the Company. The purchase price for Madison was $19,545,935 inclusive of acquisition costs of $432,405, and an adjustment for working capital of $2,166,665. The consideration for this acquisition was a combination of Glacier common shares valued at $2.25 per share and cash of $3,415,846.

The acquisition was accounted for by the purchase method and the results of operations have been consolidated with those of the Company from the date of acquisition.

A preliminary allocation of the purchase price to the fair value of the assets acquired and liabilities assumed is as follows:

Assets acquired		
Cash	$	690
Accounts receivable		1,899
Prepaid		296
Property, plant and equipment		884
Intangibles		20,586
		24,355
Liabilities assumed		
Bank indebtedness		2,941
Accounts payable and accrued liabilities		1,199
Deferred revenue		702
Shareholder loans		2,671
Long-term debt		247
Future income taxes		7,019
Non-controlling interest		87
		14,866
Net assets acquired		9,489
Goodwill		10,057
Purchase price	$	19,546

Consideration consisted of:		
Common shares	$	15,698
Cash		3,848
	$	19,546

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

3. ACQUISITIONS (Continued)

(d) Purchase of additional community newspapers

On August 26, 2005 and August 31, 2005, Glacier acquired 100% of the assets and shares of two community newspapers for cash payments of $1,062,309 inclusive of acquisition costs of $95,747 and an adjustment for working capital of $2,638. Glacier also agreed to make up to $150,000 in additional cash payments if specified performance targets are met over a two-year period following the acquisition.

These acquisitions have been accounted for using the purchase method and the results of operations of the respective companies acquired have been consolidated with those of the Company from the respective dates of acquisition.

The purchase price of the two acquisitions was allocated to the estimated fair value of the assets acquired and liabilities assumed as follows:

Assets acquired		
Accounts receivable	$	171
Future income tax		4
Property, plant and equipment		158
Intangibles		25
		358
Liabilities assumed		
Accounts payable and accrued liabilities		175
Future income tax		6
		181
Net assets acquired		177
Goodwill		885
Consideration	$	1,062

(e) Community Newspaper Group

Effective March 22, 2004, the Company acquired 92.5% of the outstanding share capital of a group of community newspapers and a related printing operation in Eastern Saskatchewan. The cash purchase price for the share capital was $3,269,577, inclusive of bank indebtedness assumed and acquisition costs of $137,004.

In July, August and December 2004, the Company acquired the outstanding share capital of an additional group of community newspapers in Saskatchewan and Manitoba. The acquired interests in these community newspapers ranged from 70% to 100%. The aggregate cash purchase price for the share capital was $3,745,918, inclusive of bank indebtedness assumed and acquisition costs of $240,747.

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

3. ACQUISITIONS (Continued)

(e) Community Newspaper Group (continued)

These acquisitions have been accounted for using the purchase method and the results of operations of the respective companies acquired have been consolidated with those of the Company from the respective dates of acquisition.

The Company may be required to pay additional consideration related to the acquisition of one group of newspapers in North Central Saskatchewan based on a multiple of the average of the earnings for the years ended December 31, 2005 and 2006. The additional consideration of up to $500,000 to be paid, if any, will be recorded as an additional cost of the purchase.

The purchase price of the two group acquisitions ("Community Newspaper Group") was allocated to the estimated fair value of the assets acquired and liabilities assumed as follows:

Assets acquired		
Accounts receivable	$	1,479
Inventory		237
Prepaid expenses		29
Investments		43
Future income taxes		65
Property, plant and equipment		2,065
Intangibles		272
		4,190
Liabilities assumed		
Bank indebtedness		93
Accounts payable and accrued liabilities		796
Deferred revenue		226
Long-term debt		2,559
Future income taxes		92
Non-controlling interest		280
		4,046
Net assets acquired		144
Goodwill		6,872
Consideration	$	7,016

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

3. ACQUISITIONS (Continued)

(f) *Investments*

Fundata Canada Inc.		
50% equity interest	$	15,087
Great West Newspaper Group Ltd.		
Deposit related to purchase of 50% interest		22,857
	$	37,944

On December 31, 2005, the Company acquired a 50% equity interest in Fundata Canada Inc., which provides investment fund related electronic and print information and analytics to the Canadian and global investment community.

On December 30, 2005, Glacier made a deposit related to the acquisition of 50% of the outstanding shares of Great West Newspaper Group Ltd., which publishes a group of Alberta based community newspapers and publications. The Company closed this transaction subsequent to year end (Note 19).

4. OTHER ASSETS

		2005		2004
Refundable liability insurance premiums (a)	$	**1,190**	$	1,190
Deferred pension asset (Note 15)		**456**		533
Deferred pension costs (Note 11 (b))		**178**		244
Portfolio investments (b)		**258**		241
Deferred financing costs		**493**		247
Prepaid expenses		**333**		-
Deferred acquisition costs (c)		**1,532**		-
	$	**4,440**	$	2,455

(a) Refundable liability insurance premiums represent funds on deposit in excess of the estimated cost to settle all remaining claims under the liability insurance policy. The fair value of the refundable liability insurance premiums is not determinable due to the long-term nature of these amounts.

(b) As at December 31, 2005, the market value of the portfolio investments was $303,710 (2004 - $588,285).

(c) Deferred acquisition costs relate to the costs associated with the acquisitions completed after the year and will be capitalized as part of the cost of the purchase.

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

4. OTHER ASSETS (Continued)

(d) On August 29, 2005, a subsidiary of the Company prepaid $2,700,000 under an agreement to have certain of its marketing and distribution services performed by a third party. At December 31, 2005 $2,183,045 was included in prepaid expenses, of which $311,864 of the amount is classified as long-term.

5. PROPERTY, PLANT AND EQUIPMENT

	2005		
	Cost	Accumulated amortization	Net book value
Land	$ 1,589	$ -	$ 1,589
Building	3,290	363	2,927
Computer hardware and office equipment	3,529	1,966	1,563
Publication software	1,561	803	758
Office furniture	1,679	519	1,160
Automobile	252	106	146
Leasehold improvements	328	176	152
	$ 12,228	$ 3,933	$ 8,295

	2004		
	Cost	Accumulated amortization	Net book value
Land	$ 1,214	$ -	$ 1,214
Building	2,724	374	2,350
Computer hardware and office equipment	2,551	1,326	1,225
Publication software	1,308	499	809
Office furniture	1,257	321	936
Automobile	183	42	141
Leasehold improvements	182	166	16
	$ 9,419	$ 2,728	$ 6,691

Included in office equipment and automobiles is equipment under capital lease with a net book value of $106,488 (2004 - $78,311).

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

6. INTANGIBLE ASSETS

	2005	2004
Subject to amortization		
Copyrights	$ 19,815	$ 17,061
Subscription lists	4,012	1,000
Customer relationships	2,435	-
	26,262	18,061
Less: Accumulated amortization	(4,550)	(3,378)
	21,712	14,683
Not subject to amortization		
Trademarks	19,574	4,272
	$ 41,286	$ 18,955

7. GOODWILL

	2005	2004
Balance, beginning of year	$ 35,564	$ 28,692
Adjustments		
CD-Pharma Interactive Medical Productions Limited Partnership (Note 3 (a))	3,374	-
Pennand Inc. (Note 3 (b))	8,273	-
Madison Publishing Group (Note 3 (c))	10,057	-
Additional community newspapers (Note 3 (d))	885	-
Community Newspaper Group (Note 3 (e))	-	6,872
Balance, end of year	$ 58,153	$ 35,564

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

8. LONG-TERM DEBT

	2005	2004
Bank debt (b)	$ **20,000**	$ 16,979
Weyburn Credit Union	**84**	126
Finance contracts	**193**	198
	20,277	17,303
Due to Agricore United, face amount (a)	**709**	1,417
Less: Imputed interest	**(30)**	(101)
	679	1,316
	20,956	18,619
Less: Current portion	**(4,620)**	(832)
	$ **16,336**	$ 17,787

Estimated and scheduled principal repayments are as follows:

2006	$ 4,650
2007	3,898
2008	3,830
2009	3,822
2010	3,809
Thereafter	1,000
	21,009
Less: Imputed interest	(53)
	$ 20,956

(a) Due to Agricore United

At December 31, 2005, the amount due to Agricore United is non-interest bearing, unsecured and requires one principal payment of $708,593 on September 1, 2006. The debt has been recorded at its present value of $678,265 using a 6% discount rate. The imputed interest is being accreted to debt over its term as additional interest expense.

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

8. LONG-TERM DEBT (Continued)

(b) *Glacier Ventures International Corp.*

Glacier and its subsidiaries entered into a $50,000,000 five-year loan facility with two major Canadian chartered banks. This facility replaces Glacier's existing interim loan facility, provides the Company with the ability to fund future acquisitions and provides operating lines of credit totaling $2,500,000 for Glacier and its subsidiaries. The facility bears interest at varying rates based on the prevailing bankers acceptance rate plus an acceptance fee which ranges from 1.50% to 2.75% or the bank prime rate plus 0% to 1.25%, depending on Glaciers' debt to earnings ratio. This facility and the operating line of credit are secured by a general security agreement including fixed and floating charges over all of Glacier's assets.

(c) The Weyburn Credit Union amount is payable in bi-weekly principal payments of $1,800, including interest at prime plus 1%, and is secured by land and building.

(d) The finance contracts bear interest ranging from 7.45% to 9.75%, require blended monthly payments of $2,467 and are secured by the respective assets.

9. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value
Unlimited number of preferred shares

Issued and outstanding	Issued			
	Number of shares	Number of warrants		Amount
Common shares				
Balance, December 31, 2003	25,731,848	1,115,000	$	24,677
Elimination of intercompany shareholdings held by wholly-owned subsidiary	(515,977)	-		(405)
Exercise of stock options	488,891	-		541
Balance, December 31, 2004	25,704,762	1,115,000		24,813
Exercise of stock options	650,000	-		487
Additions relating to purchase of entities (Note 3)	6,976,749	-		15,698
Private placements, net of issuance costs and tax of $2,157,105	26,017,543	-		68,243
Balance, December 31, 2005	59,349,054	1,115,000	$	109,241

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

9. SHARE CAPITAL (Continued)

On July 6, 2005, the Company issued through private placement 8,333,333 common shares at $2.40 per share for net proceeds of $19,266,090 after issuance costs, net of income tax effect.

On December 30, 2005, the Company issued through private placement 17,684,210 common shares at $2.85 per share for net proceeds of $48,976,805 after issuance costs, net of income tax.

At December 31, 2005, 1,115,000 warrants were outstanding allowing the holders to purchase one common share per warrant at $4.48 per share. The expiry date of the warrants, which was June 28, 2004, was extended such that 892,000 Series A warrants now expire April 30, 2006 and 223,000 Series B warrants now expire June 28, 2009.

Due to the extension of expiry date, the fair value of each warrant was estimated by the Company as at June 28, 2004, using the Black-Scholes model with the following weighted average assumptions:

Risk free interest rate	3.2% - 4.01%
Expected lives (years)	2 and 5
Expected volatility	21%
Dividend rate	Nil

Based on the above assumptions, the fair value of each warrant is nominal.

The Company has a stock option plan for officers, directors and certain employees. The maximum number of options available for issuance is 2,238,348. At December 31, 2005, there were no options granted or outstanding. The following transactions occurred within the stock option plan:

	2005		2004	
	Common shares	Weighted average exercise price	Common shares	Weighted average exercise price
Options outstanding at beginning of year	**650,000**	$ **0.75**	1,138,891	$ 0.90
Exercised	**(650,000)**	**0.75**	(488,891)	1.11
Outstanding at end of year	-	$ -	650,000	$ 0.75
Exercisable at end of year	-	$ -	650,000	$ 0.75

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

10. EARNINGS PER SHARE

Basic earnings per share is calculated using the weighted average number of shares outstanding during the year. Diluted earnings per share is presented using the treasury stock method and is calculated using the weighted average number of common and common equivalent shares outstanding during the period. Common equivalent shares reflect the dilutive effect of exercising outstanding warrants and stock options.

The following table sets forth the reconciliation of weighted average share capital for the computation of basic and diluted earnings per share:

	2005	2004
Weighted average number of common shares outstanding	**33,635,334**	25,394,015
Adjustment for stock options and warrants	-	465,569
Diluted weighted average number of shares	**33,635,334**	25,859,584

11. COMMITMENTS

(a) *Non-current portion of liabilities*

Certain full-time employees are eligible for retiring allowances based on their years of employment. The carrying value of these retiring allowances, being $203,270 (2004 - $211,465), has been classified as a non-current liability.

Also included in non-current liabilities are certain payables and accrued liabilities which were assumed on the acquisition of Hawker Siddeley Canada Inc. ("Hawker"). These liabilities were recorded at their fair value at the date of acquisition. These accrued liabilities are not expected to be discharged in the near term.

(b) *Deferred pension costs*

The Company has committed to a one time payment of $400,000 for past service contributions and plan amendments, the unamortized portion of which is included in deferred costs. As at December 31, 2005, $269,321 has been paid.

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

11. COMMITMENTS (Continued)

(c) Operating leases

The Company and its subsidiaries have entered into operating leases for premises and office equipment which expire on various dates up to July 31, 2010.

The minimum annual lease payments required are as follows:

2006	$	1,009
2007		720
2008		605
2009		439
2010		205
	$	2,978

12. INTEREST

		2005		2004
Interest income	$	79	$	59
Interest expense		(1,433)		(835)
	$	(1,354)	$	(776)

13. INCOME TAXES

The provision for income taxes varies from the amount that would be expected if computed by applying the Canadian federal and provincial statutory income tax rates to the Company's income before income taxes as shown in the following table:

		2005		2004
Income before income taxes	$	7,277	$	4,030
Effective statutory income tax rate		38.5%		37.9%
Expected provision for income taxes	$	2,801	$	1,527
Large corporation capital tax		70		50
Undeducted expenditures		(1,131)		-
Non-deductible expenses		40		24
	$	1,780	$	1,601

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

13. INCOME TAXES (Continued)

The Company has available non-capital losses of approximately $1,949,000 (2004 - $6,540,000) and undeducted expenditures of $755,000 (2004 - $4,120,000), which can be carried forward and may be used to reduce future years' net income for tax purposes.

The undeducted expenditures do not have an expiry date. If unused, non-capital losses of $216,000 will expire in 2006.

Glacier also has available capital losses of approximately $3,911,790, which can be carried forward and applied against future years' capital gains. The tax benefit of these capital losses has not been recognized in these financial statements.

The future income tax asset and liability balances are as follows:

		2005		2004
Future income tax assets				
Share issuance costs	$	**1,192**	$	-
Non-capital losses		**690**		1,900
Cumulative eligible capital		**860**		940
Undeducted expenditures		**190**		1,820
Property, plant and equipment and other		**870**		558
Valuation allowance		**(667)**		(1,500)
	$	**3,135**	$	3,718
Future income tax liability				
Intangible assets	$	**(7,136)**	$	-
Non-deductible copyrights		**(5,032)**		(5,164)
Imputed interest on long-term debt		**(16)**		(35)
	$	**(12,184)**	$	(5,199)

14. RELATED PARTY TRANSACTIONS

During the year, the Company and its subsidiaries incurred administration, transaction and consulting fees of $196,000 (2004 - $427,668) from companies in which certain directors hold an equity interest, of which, $Nil (2004 - $3,750) is included in accounts payable and accrued liabilities.

These transactions occurred in the normal course of operations and were measured at the exchange amount, which represented the amount of consideration established and agreed to by the related parties.

(Amounts in tables expressed in thousands of dollars, except share and per share amounts)

15. DEFERRED PENSION ASSET

Hawker has a pension plan under which it provides retirement pension benefits to former employees. This plan has two employee groups, each of which have their own surplus. The Company is not obligated to make any further contributions to the pension plan. The long-term deferred pension asset of $455,524 (2004 - $532,400) represents management's estimate of the amount of the surplus that may be realized upon settlement and wind-up of the pension plan.

The changes in the plans' assets and liabilities are as follows:

(a) Change in plans' assets

Market value of plan assets at January 1, 2005	$	3,806
Actual return on plan assets		147
Annuity purchase		(419)
Expenses		(313)
Benefits paid		-
Market value of plan assets at December 31, 2005	$	3,221

(b) Change in benefit obligations

Benefit obligation at January 1, 2005	$	2,918
Interest cost		163
Annuity purchase		(419)
Benefits paid		-
Benefit obligations at December 31, 2005	$	2,662

The process for determining the pension-related obligations includes making certain long-term assumptions regarding the discount rate, which at December 31, 2005 is 6.0%.

Subsequent to year end, the Company received $587,545 related to the settlement of the pension plan. The plan will be wound up over the next fiscal year.

16. CONTINGENCIES

One of the Company's subsidiaries has been named in two lawsuits. Management believes the claims are without merit and is vigorously defending them, although the outcome of these lawsuits cannot be predicted with any certainty at this point in time.

17. FINANCIAL INSTRUMENTS

(a) *Foreign exchange*

The Company realizes a portion of its revenue in U.S. dollars, and has entered into certain foreign exchange contracts to manage this foreign exchange risk. The Company does not hold or issue financial instruments for trading purposes.

In 2004, the Company entered into an exchange swap contract to sell $167,000 U.S. dollars per month commencing February 28, 2005 at a rate of 1.3464, expiring January 31, 2006.

At December 31, 2005, there is an unrealized gain of $29,305 related to the outstanding contract.

(b) *Credit risk*

The Company is exposed to normal credit risk with respect to its accounts receivable as it carries accounts from many customers. The Company follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Company maintains provisions for potential credit losses, and any such losses to date have been within management's expectations.

(c) *Interest rate risk*

The Company's operating line of credit and long-term debt bear interest at variable rates. The Company does not use derivative instruments to reduce its exposure to this interest rate risk.

(d) *Fair value*

The Company's financial instruments consist of cash, accounts receivable, investments, accounts payable, bank indebtedness and long-term debt. The fair values of cash, accounts receivable and accounts payable approximate their carrying values due to their immediate or short-term maturity. The fair values of bank indebtedness and long-term debt approximate their carrying values due to the variable rates of interest charged.

18. SEGMENT DISCLOSURE

The Company and its subsidiaries operate in two distinct operating segments throughout the United States and Canada. These segments are the business and professional market that Specialty Technical Publishers and CD-Pharma operate in and the newspaper and trade publication market in which the rest of Glacier's businesses operate. All of the Company's assets are located in Canada. The following segment information is as at December 31, 2005 and 2004:

	2005 (in thousands)				
	Newspaper and Trade	Business and Professional	Corporate and Other	Eliminations	Consolidated
Revenues					
Canada	$ 46,663	$ 6,801	$ -	$ -	$ 53,464
United States	1,748	7,356	-	-	9,104
					62,568
Income (loss) before interest, taxes and amortization	8,423	3,261	(280)	-	11,404
Interest revenue	(503)	(45)	(11)	480	(79)
Interest expense	493	12	1,408	(480)	1,433
Amortization of property, plant and equipment	1,347	127	-	-	1,474
Amortization of intangibles	538	761	-	-	1,299
Net income (loss)	4,962	2,185	(1,817)	-	5,330
Assets	119,335	56,954	1,795	-	178,084
Expenditures for property, plant and equipment	660	365	-	-	1,025
Expenditures for goodwill	19,215	3,374	-	-	22,589

18. SEGMENT DISCLOSURE (Continued)

	2004 (in thousands)				
	Newspaper and Trade	Business and Professional	Corporate and Other	Eliminations	Consolidated
Revenues					
Canada	$ 28,979	$ 3,279	$ -	$ -	$ 32,258
United States	1,209	7,773	-	-	8,982
					41,240
Income (loss) before interest, taxes and amortization	6,134	1,521	(352)	-	7,303
Interest revenue	(98)	(34)	-	73	(59)
Interest expense	893	15	-	(73)	835
Amortization of property, plant and equipment	1,278	32	-	-	1,310
Amortization of intangibles	550	637	-	-	1,187
Net income (loss)	2,133	648	(352)	(219)	2,210
Assets	41,246	32,842	3,214	(1,250)	76,052
Expenditures for property, plant and equipment	241	3	-	-	244
Expenditures for goodwill	6,872	-	-	-	6,872

19. SUBSEQUENT EVENTS

(a) Acquisitions

All transactions at or subsequent to year end were part of the series of transactions in which Glacier purchased substantially all of the remaining Canadian properties owned by Hollinger International Inc. The allocation of the purchase price to the fair market value of the net assets acquired in the transactions below will be determined during the Company's first quarter.

Subsequent to year end, in a series of transactions, Glacier acquired 100% of the outstanding units of Hollinger Canadian Newspapers Limited Partnership ("HCNLP"), 100% of the issued share capital of Eco Log Environmental Risk Information Services Ltd. ("Eco Log"), 100% of the issued share capital of KCN Capital News Company ("KCN"), and certain real estate assets for $139,000,000 plus transaction costs and certain contingent adjustments.

19. SUBSEQUENT EVENT (Continued)

(a) Acquisitions (continued)

HCNLP owns and operates:

(i) the Business Information Group, which publishes a variety of trade magazines, directories, newsletters, electronic databases and specialty websites; and

(ii) a group of daily and weekly newspapers and related printing operations in British Columbia and Quebec.

KCN publishes the *Merritt News* and *Merritt News Extra* in British Columbia. Eco Log is an electronic information and report service provider that accesses key federal, provincial and private sector databases to help identify potential environmental risks in Canada for real estate developers, banks, insurance companies and a variety of other customers.

(b) Great West Newspaper Group Ltd.

On January 1, 2006, Glacier closed the transaction to acquire 50% of the outstanding shares of Great West Newspaper Group Ltd., which publishes a group of Alberta based community newspapers and publications.

(c) GVIC Publications Ltd.

Subsequent to year end, Glacier acquired approximately 94.9% of the equity of Stressgen Biotechnologies Corporation ("Stressgen") for $9.25 million. Under the arrangement, Stressgen received shareholder and regulatory approval to be restructured under a plan of arrangement whereby all of Stressgen's assets and liabilities were transferred to a new biopharmaceutical company that will carry on the former business carried on by Stressgen. Stressgen's name was changed to GVIC Publications Ltd.

Glacier acquired the shares of GVIC Publications Ltd. for investment purposes.

19. SUBSEQUENT EVENT (Continued)

(d) *Financing*

Subsequent to year end, the Company and its subsidiaries entered into a new five year senior term loan facility with three major Canadian chartered banks for $135,000,000. This facility was used to partially fund the Hollinger International Inc. transactions described above. This facility also includes a separate revolving term loan facility for an amount up to $20,000,000, including an operating line of credit of up to $5,000,000. This revolving facility is to be used for operating and acquisition purposes. The maximum amount that can be drawn on the revolving facility is dependent on the level of the company's accounts receivable and inventories. The total facility bears interest at varying rates based on the prevailing bankers acceptance rate plus an acceptance fee which ranges from 1.50% to 3.75% or the bank prime rate plus 0.5% to 2.75%, depending on Glacier's debt to earnings ratio. The total facility is secured by a general security agreement including fixed and floating charges over all of Glacier's and its subsidiaries' assets.

(e) *Private placement*

Subsequent to year end, the Company issued 10,385,965 shares at $2.85 per share pursuant to a private placement. The net proceeds were used to partially fund the acquisition of HCNLP, Eco Log, KCN and certain real estate assets.